



STATE OF DELAWARE


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March 15, 2017

MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Shona Marshall, Public Utility Analyst 

SUBJECT: IN THE MATTER OF THE APPLICATION NAUP BROKERAGE, LLC FOR A CERTIFICATE TO PROVIDE ELECTRIC SUPPLY SERVICES WITHIN THE STATE OF DELAWARE (SUBMITTED DECEMBER 14, 2016; FILED FEBRUARY 27, 2017) - PSC DOCKET No. 16-1142

Background

On December 14, 2016 NAUP Brokerage, LLC (the “Company” or “NAUP”) submitted an application (the “Application”) with the Delaware Public Service Commission (the “Commission”) for an Electric Supplier Certificate (“ESC”) to broker electric supply services in the State of Delaware pursuant to §1012 of the Electric Utility Restructuring Act of 1999, 26 *Del. C.* §1001 - §1020 (the “Act”) and 26 *Del. Admin. C.* §3001, the Commission’s Rules for Certification and Regulation of Electric Suppliers (the “Supplier Rules”).¹

Application

The Company’s original filing was submitted on December 14, 2016 but the submitted Application did not meet the minimum filing requirements (MFR’s). In a letter dated December 22, 2016, Staff requested the Company file a copy of the Delaware business license and the Company’s most recent bank statements. In the response dated December 29, 2016, the Company provided a temporary business license issued December 28, 2016 and bank statement for the periods of October 1, 2016 through October 31, 2016 and November 1, 2016 through November 30, 2016. In a letter dated February 27, 2017, Staff requested a permanent copy of the Delaware business license. Staff also requested an attestation and redacted public versions of the confidential documents submitted December 29, 2016. The documents were received on February 27, 2017. This information satisfies the MFR’s for this Application.

¹ Unless otherwise noted, all references to capitalized terms are set forth in the Act and/or the Supplier Rules.

Review and Analysis

Authority to do Business in Delaware

The Company is a limited liability company formed under the laws of the state of Texas. The Company provided a certificate of good standing issued October 25, 2016 by the Delaware Secretary of State that it is legally authorized and qualified to do business in the State of Delaware and it provided its Delaware business license issued December 29, 2016.

Resident Agent

The Company supplied the contact information for a Delaware Registered Agent listed in the application as Incorp Services, Inc., 919 North Market Street, Suite 425, Wilmington, DE 19801.

Compliance with Regional Requirements

The Company provided proof of PJM membership and agrees to only work with Electric Suppliers who have been certified in Delaware and comply with PJM's requirements.

Financial, Operational, Managerial and Technical Ability

The Company provided forecasted revenues for 2017 and 2018 as well as bank statements for the periods of October 1, 2016 through October 31, 2016 and November 1, 2016 through November 30, 2016 as indicia of financial capability under Section 2.1.1.5.1 of the Supplier Rules. Staff believes that the confidential financial statements show evidence of the Applicant's ability to provide electric supply services in the State of Delaware.

The Company anticipates serving Residential, Small Commercial, Large Commercial and Industrial customers to broker the sale or purchase of electricity throughout the State of Delaware. The Company's application states that it is authorized to do business in the states of Florida, Georgia, Oklahoma, Rhode Island, and Texas. The Company provides Natural Gas services in these states and it provides electric supply services in the state of Texas. Staff was able to confirm the Company's presence in these states by conducting an internet search of the Secretary of State Websites, as well as the state commission websites for each state. The Applicant is also pending licensure in the states of Illinois, New Hampshire, New Jersey, Ohio, and Pennsylvania. .

The Application included a summary of the key operating personnel of the Company. Alex Rodriguez is the President and Chief Executive Officer ("CEO") of NAUP. Mr. Rodriguez has thirteen years of managerial experience and thirteen years of experience in the energy industry. Alex Rodriguez currently holds the positions of President and Secretary at The Chron Organization, Inc., a company he co-founded in December 2015. He is also currently the Managing Member and President of Legends Commodities Group, LLC. He has held this position since September 2015. Since August 2008, Mr. Rodriguez has held the position of Non-Executive Chairman at NAUP Investments, LLC. From February 2011 through March 2015, he held the positions of CEO and Chairman at Diversegy. Prior to this position, Mr. Rodriguez held the positions of Co-founder and Managing Director of Operations at Stream Energy from August 2004 through May 2008. Ryan D. Samuel is the Vice President of Operations of NAUP and has held this position since June 2016. Mr. Samuel has fifteen years of managerial experience twelve years of experience in the energy industry. Mr. Samuel served as Regional Vice President of Incite Energy from January 2015 through June 2016. Mr. Samuel has also held the positions of Director of Sales, Channel Sales Manager, and Sales Manager at E. Services, Inc. (February 2014-September 2014), Cirro Energy (February 2005-May 2013), and Cbeyond Communications (2002-2005), respectively.

Surety Bond

The Company did not post a surety bond because it is a Broker and there are no service agreements between the Company and any Delaware Electric Distribution Company. The Company will not collect any fees or deposits from any of its customers for any of its brokerage services.

Verification of Application

The original Application contained a signed sworn verification of application with the signature of Alex Rodriguez, President of NAUP. Subsequent filings to the Application have been verified by Ryan Samuel, Vice President of Operations.

Consent to Jurisdiction

The Company consents to the jurisdiction of the Delaware courts.

Contracts

The Company is applying for a license to broker electric supply services for residential and small commercial customers. As a Broker, the Applicant will not have contracts with residential or small commercial customers to provide electric supply services. The applicant has agreed to only work with an entity that complies with PJM's requirements and is a Certified Electric Supplier in Delaware. A Certified Electric Supplier in Delaware, at the time of filing, provides its standard contract for Residential and Small Commercial Customers or a link to the contract on the Applicant's website for Staff review, pursuant to the Supplier Rules.

Statement of Criminal Activity

The Applicant stated that they have not been charged or convicted of any criminal activity nor have any of its principals or corporation offices. An internet review of the Company and its principal did not return any incidents of criminal activity.

Legal Review

Staff submitted this Memo for review by the Attorney on March 21, 2017.

Staff Recommendation

Based on Staff's review and analysis of the Application, the Company has satisfied the requirements of the Act and the Supplier Rules. The Company has been very forthcoming in Staff's inquiries and resolved all outstanding issues. The completed Application supports the Company's request for certification. Staff's review and analysis of the Application submitted by the company demonstrates evidence of capability to render service based on the Company's financial, operational, managerial and technical abilities. Therefore, Staff recommends the Commission approve the Application.